



# Annual Financial Statements

for

## **MOOKGOPHONG LOCAL MUNICIPALITY**

for the year ended 30 June: **2012**

Province:

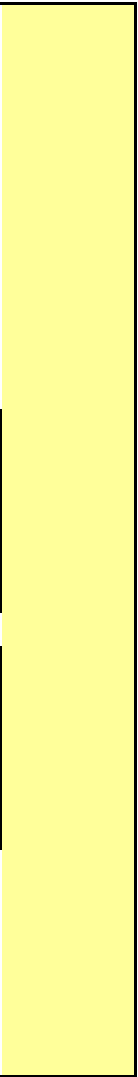
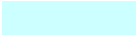
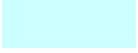
Limpopo

AFS rounding:

***R (i.e. only cents)***

### **Contact Information:**

<b>Name of Municipal Manager:</b>	N P Magwala
<b>Name of Chief Financial Officer:</b>	D. Eksteen
Contact telephone number:	014 743 6600
Contact e-mail address:	<a href="mailto:dewaldeatwork@gmail.com">dewaldeatwork@gmail.com</a>
<b>Name of contact at provincial treasury:</b>	S. Murenga
Contact telephone number:	015 291 8560
Contact e-mail address:	<a href="mailto:murengas@treasury.limpopo.gov.za">murengas@treasury.limpopo.gov.za</a>
<b>Name of relevant Auditor:</b>	Auditor - General South Africa
Contact telephone number:	015 283 9300
Contact e-mail address:	<a href="mailto:godendaal@agsa.co.za">godendaal@agsa.co.za</a>
<b>Name of contact at National Treasury:</b>	Thomas Matjeni
Contact telephone number:	<a href="mailto:thomas.matjeni@treasury.gov.za">thomas.matjeni@treasury.gov.za</a>
Contact e-mail address:	012 315 5792



**MOOKGOPHONG LC**  
**ANNUAL FINANCIAL STATEMENT**  
for the year ended 31 March 2017

**General information**

**Members of the Council**

N S Monyamane  
R M Kekana  
M S Maphologela  
K S Lamola  
L W Kola  
M S Langa  
E Boshof  
H P Louw  
S P Mafuna  
J H Kleynhans

**Municipal Manager**

N.P. Magwala (Acting)

**Chief Financial Officer**

D. Eksteen

**Grading of Local Authority**

2

**Auditors**

Auditor-General

**Bankers**

ABSA

**Registered Office:**

**Physical address:**

**Postal address:**

**Telephone number:**

**Fax number:**

**E-mail address:**

## **LOCAL MUNICIPALITY**

### **FINANCIAL STATEMENTS**

ended 30 June 2012

**Mayor**

**Chief Whip**

Member

Member

Member

Member

Member

Member

Member

Member

Municipal Offices

Nelson Mandela Drive

Mookgophong

0560

Private Bag X340

Mookgophong

0560

014 743 6600

014 743 2434

**dewaldeatwork@gmail.com**

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**Approval of annual financial statements**

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 43, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 31 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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N.P. Magwala  
Acting Municipal Manager

*DATE : 31 August 2012*

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

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**MOOKGOPHONG LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2012

	Note	2012 R	2011 R
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	1	6 542 785	6 110
Trade and other receivables from exchange transactions	2	22 181 173	17 468 412
Other receivables from non-exchange transactions	3	607 653	727 875
Inventories	4	1 683 858	1 608 298
Investments	6	-	2 790 831
VAT receivable	14	-	2 983 057
<b>Non-current assets</b>			
Property, plant and equipment	7	185 493 975	200 564 643
Intangible assets	8	274 459	378 268
Investment property carried at fair value	9	10 251 162	10 251 162
<b>Total assets</b>		<b>227 035 065</b>	<b>236 778 656</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Bank overdraft	1	6 268 968	6 910 188
Trade and other payables from exchange transactions	12	8 482 592	5 606 822
Consumer deposits	13	3 074 508	2 735 132
VAT payable	14	626 721	-
Current provisions	15	3 648 505	4 167 078
Current portion of unspent conditional grants and receipts	16	19 454 626	11 843 025
Current portion of finance lease liability	17	69 052	193 285
<b>Non-current liabilities</b>			
Non-current finance lease liability	17	-	69 052
Non-current provisions	18	6 706 258	6 371 014
Defined benefit plan obligations	47	9 449 637	8 238 080
<b>Total liabilities</b>		<b>57 780 867</b>	<b>46 133 676</b>
<b>Net assets</b>		<b>169 254 198</b>	<b>190 644 980</b>
<b>NET ASSETS</b>			
Accumulated surplus / (deficit)		169 254 198	190 644 980
<b>Total net assets</b>		<b>169 254 198</b>	<b>190 644 980</b>

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ending 30 June 2012

	Note	2012 R	2011 R
<b>Revenue</b>			
Property rates	19	14 659 675	18 847 217
Service charges	20	41 922 666	42 099 002
Rental of facilities and equipment	21	58 673	209 610
Interest earned - external investments	22	250 757	1 015 648
Interest earned - outstanding receivables	23	2 148 561	1 748 273
Fines	24	90 995	202 271
Licenses and Permits	25	-	29 524
Income from agency services	26	3 526 542	2 913 041
Government grants and subsidies : Operating	27	24 786 335	20 777 488
Government grants and subsidies : Capital	27	3 221 722	5 592 209
Public contributions and donations	28	-	-
Other revenue	29	378 612	434 707
<b>Total revenue</b>		<b>91 044 538</b>	<b>93 868 990</b>
<b>Expenses</b>			
Employee related costs	30	37 450 094	35 905 042
Remuneration of councillors	31	2 478 789	2 088 355
Debt impairment	2	1 222 975	1 907 811
Depreciation and asset impairment	7	17 628 937	17 664 868
Finance costs	32	351 346	350 637
Bulk purchases	33	28 556 706	22 474 355
Materials	34	3 758 401	8 496 652
Contracted services	35	4 830 774	6 855 622
Other Expenditure	36	16 837 442	15 702 600
Grants and subsidies paid	37	-	-
<b>Total expenses</b>		<b>113 115 464</b>	<b>111 445 942</b>
Gain / (loss) on sale of assets	38	-	134 806
<b>Surplus / (deficit) for the period</b>		<b>(22 070 926)</b>	<b>(17 442 146)</b>



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**MOOKGOPHONG LOCAL MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
as at 30 June 2012

		Accumulated Surplus/(Deficit)	Total: Net Assets
	Note	R	R
<b>Balance at 30 June 2010</b>		<b>205 060 849</b>	<b>205 060 849</b>
Changes in accounting policy	41	-	-
<b>Restated balance</b>		<b>205 060 849</b>	<b>205 060 849</b>
Surplus / (deficit) on revaluation of property of property, plant and equipment	42	391 051	391 051
Surplus / (deficit) on revaluation of accounts receivable	42	(1 496 835)	
Surplus / (deficit) on revaluation of the VAT Account	42	4 132 061	4 132 061
<b>Accumulated Surplus/(Deficit) at 30 June 2011</b>		<b>208 087 126</b>	<b>208 087 126</b>
Surplus / (deficit) for the year previously reported		(17 346 990)	(17 346 990)
Corrections affected the Surplus / (Deficit) for the year	42	(95 156)	(95 156)
<b>Restated Accumulated Surplus/(Deficit) at 30 June 2011</b>		<b>190 644 980</b>	<b>207 991 970</b>
Surplus / (deficit) on revaluation of property of property, plant and equipment		-	-
Transfers to / from accumulated surplus/(deficit)		680 142	680 142
Surplus / (deficit) for the year		(22 070 926)	(22 070 926)
<b>Balance at 30 June 2012</b>		<b>169 254 198</b>	<b>186 601 186</b>

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**CASH FLOW STATEMENT**  
as at 30 June 2012

	Note	2012 R	2011 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and others		139 002 186	125 261 264
Cash paid to suppliers and employees		(131 967 376)	(131 018 621)
<b>Net cash flows from operating activities</b>	39	<b>7 034 810</b>	<b>(5 757 357)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets		(2 454 461)	(12 666 324)
Proceeds from sale of fixed assets		-	(185 000)
Proceeds from sale of investments		2 790 831	13 359 335
<b>Net cash flows from investing activities</b>		<b>336 370</b>	<b>508 011</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from finance lease liability		-	-
Repayment of finance lease liability		(193 285)	(193 136)
<b>Net cash flows from financing activities</b>		<b>(193 285)</b>	<b>(193 136)</b>
<b>Net increase / (decrease) in net cash and cash equivalents</b>		<b>7 177 895</b>	<b>(5 442 482)</b>
<b>Net cash and cash equivalents at beginning of period</b>		<b>(6 904 078)</b>	<b>(1 461 596)</b>
<b>Net cash and cash equivalents at end of period</b>	40	<b>273 817</b>	<b>(6 904 078)</b>

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2012

**1 BASIS OF ACCOUNTING**

**1.1 BASIS OF PRESENTATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, but some components are measured at fair value as indicated in subsequent accounting policy notes.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003) and prescribed by the Minister of Finance in terms of:

- Government Notice 991 of 2005, issued in Government Gazette no. 28095 of 15 December 2005;
- Government Notice 992 of 2005, issued in Government Gazette no. 28095 of 15 December 2005; and
- Government Notice 516 of 2008, issued in Government Gazette no. 31021 of 9 May 2008.
- Government Notice 80 of 2011, issued in Government Gazette no. 33991 of 2 Feb 2011.

The standards comprise of the following:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets

Directives and Guidelines form part of the GRAP Reporting Framework. The ASB Directive and Guidelines applicable to Mookgophong Municipality comprise of the following :

Directive 1	Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP
Directive 4	Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities
Directive 5	Determining the GRAP Reporting Framework
Directive 7	The Application of Deemed Cost on the Adoption of the Standards of GRAP

Effective IFRSs and IFRICs that are applied considering the provisions in paragraphs 21 to 27 of Directive 5 applicable to Mookgophong Municipality comprise the following:

IFRS 7	Financial Instruments: Disclosures
IAS 19	Employee Benefits
IAS 32	Financial Instruments: Presentation
IAS 36	Impairment of Assets
IAS 39	Financial Instruments: Recognition and Measurement
IFRIC 4	Determining whether an Arrangement contains a Lease
IFRIC 14 IAS 19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As from 1 July 2008, all GAMAP Standards have been retracted. Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with section 29 of ASB Directive 5 or paragraph 12 of GRAP 3. Exemptions that were given from complying with certain standards in terms of clause 2(2) of Government Notice 522 issued in Government Gazette no. 30013 of 29 June 2007, have been lifted since the 2008/09 financial year.

GAMAP 9 Revenue Section 29 to 54 pertaining to revenue from rates, fines, government grants, other grants, donations received and levies are not yet withdrawn as GRAP 9 only applies to exchange revenue and GRAP 23 Revenue from non-exchange transactions is not yet effective.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below. These accounting policies applied are consistent with those used in the previous financial year, unless explicitly stated.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

#### **1.2 PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

#### **1.3 GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

#### **1.4 COMPARATIVE INFORMATION**

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

#### **1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

**The following GRAP standards have been issued but will only be effective as from 1 April 2012 and have not been early adopted by the municipality:**

GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from non-exchange transactions
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash-generating assets
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments

**Standards of GRAP that may be used to interpret the requirements of other Standards of GRAP:**

GRAP 24	Presentation of Budget Information in Financial Statements
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**The impact of GRAP standards issued but not yet effective on the financial statements of Mookgophong Municipality in the future are as follows:**

GRAP 18	This does not deal with the accounting treatment of any particular transaction of events but merely with the re-arrangement of information already presented and disclosed. The impact on the municipality's financial statements would be minimal.
GRAP 20	Councillors, committee members and close members of family will be disclosed as related parties. Normal suppliers and/or client relationship at arm's length and within normal operating parameters will not have to be separately disclosed.

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

GRAP 21	Assessment at every reporting date whether there are indicators that any assets have been impaired, the measurement of impairment losses and reversal of impairment losses. The impact of this Standard is not at this stage reasonably estimable.
GRAP 23	<p>The method or recognition and measurement of revenue from non-exchange transactions, specifically taxes and transfers. The municipality does not have taxes and the accounting policy for the disclosure and measurement of transfers implemented currently by the municipality already adheres to these requirements:</p> <ul style="list-style-type: none"><li>- Revenue is recognized to the extent that conditions have been met;</li><li>- A liability is recognized to the extent that the present conditions have not yet been met.</li><li>- An asset acquired through a non-exchange transaction is initially measured at its fair value as at the date of acquisition.</li></ul>
GRAP 24	A comparison of budget and actual amounts as additional budget columns in the primary financial statements and a disclosure note on the explanations of changes between the approved and final budget is required. The impact on the municipality's financial statements would be minimal.
GRAP 25	The Standard on Employee Benefits will have no material impact on the financial statements of the municipality as the municipality is adhering to IAS 19 and there is no material changes from IAS19 to GRAP25 that is affecting this municipality.
GRAP 26	Assessment at every reporting date whether there are indicators that any assets have been impaired, the measurement of impairment losses and reversal of impairment losses. This Standard will be applicable to the Abattoir assets and the impact of this Standard would be minimal at this stage as the abattoir is currently undergoing an upgrade.
GRAP 103	This Standard will have no impact on the municipality as the municipality currently has no heritage assets.
GRAP 104	The Standard on financial instruments will have no material impact on the financial statements of the municipality as the municipality is adhering to IAS32 and IAS39 and the changes from IAS32 and IAS39 to GRAP104 is not applicable to this municipality.

The municipality shall apply these Standards of GRAP for annual financial statements covering periods beginning on or after a date to be determined by the Minister of Finance in a regulation to be published in accordance with section 91(1) (b) of the Public Finance Management Act, Act No. 1 of 1999, as amended.

## **2 RESERVES**

GRAP 9 does not require that a municipality should keep any reserves and \ or be disclosed on the Statement of Financial Position. All surpluss funds are therefore disclosed as part of Accumulated Surplus account.

## **3 PROPERTY, PLANT AND EQUIPMENT**

### **3.1 INITIAL RECOGNITION**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plan and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

### **3.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)**

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

### **3.3 SUBSEQUENT MEASUREMENT - COST MODEL (OTHER ASSETS)**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

### **3.4 DEPRECIATION AND IMPAIRMENT**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Land (including investment assets), heritage assets and artwork are not depreciated as it is deemed to have an indefinite useful life. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

<b>Infrastructure</b>		<b>Other</b>	
Roads and Paving	10 to 25	Buildings	30
Electricity Networks	20 to 30	Office equipment	3 to 7
Water Networks	15 to 20	Office Furniture	7 to 10
Sewerage Networks	15 to 20	Bins and Containers	5 to 10
		Motor Vehicles	5 to 20
		Plant and Equipment	2 to 15
<b>Community</b>		<b>Security Measures</b>	
Sport Facilities	30		3 to 5
Cemeteries	30		
Libraries and Halls	30		
Parks and gardens	30		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

The municipality has taken advantage of the transitional provisions provided in GRAP 17 Property, Plant and Equipment whereby in terms of Section 77 of Directive 4 municipalities are not required to measure property, plant and equipment for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Property, Plant and Equipment. GRAP 17 was initially adopted on 1 July 2008. The balance on the financial statements which is affected by this transitional provision is Property, Plant and Equipment.

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The progress towards achieving full compliance with the measurement requirements of GRAP 17 Property, Plant and Equipment and IAS36, Impairment of assets, are that an annual asset count was conducted to confirm the completeness and validity of the asset register. An asset register were implemented that can accommodate the new requirements. The depreciation and net book value of assets will be reviewed to correct comparative figures in the financial statements ending 30 June 2011.

### **3.5 DERECOGNITION**

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## **4 INTANGIBLE ASSETS**

### **4.1 INITIAL RECOGNITION**

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

### **4.2 SUBSEQUENT MEASUREMENT - COST MODEL**

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

### **4.3 AMORTISATION AND IMPAIRMENT**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software : 5 years

The amortisation period and the amortisation method for an intangible asset with a limited useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with limited useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.



**MOOKGOPHONG LOCAL MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**4.4 DERECOGNITION**

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**5 INVESTMENT PROPERTY**

**5.1 INITIAL RECOGNITION**

Investment property includes property (land or a building, or part of a building, or both land or buildings) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

**5.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL**

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

**6 NON-CURRENT ASSETS HELD FOR SALE**

**6.1 INITIAL RECOGNITION**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

**6.2 SUBSEQUENT MEASUREMENT**

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

**7 INVENTORIES**

**7.1 INITIAL RECOGNITION**

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

**7.2 SUBSEQUENT MEASUREMENT**

Inventories, consisting of consumable stores, are valued at the lower of cost and net realisable value. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

In general, the basis of allocating cost to inventory items is the weighted average method.

## **8 FINANCIAL INSTRUMENTS**

### **8.1 INITIAL RECOGNITION**

Financial instruments are initially recognised at fair value.

### **8.2 SUBSEQUENT MEASUREMENT**

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39 GRAP 104, AS 36 and IFRS 7.

#### **8.2.1 INVESTMENTS**

Investments, which include fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

#### **8.2.2 TRADE AND OTHER RECEIVABLES**

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current. The carrying amount of trade and other receivables is a reasonable approximation of fair value.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

#### **8.2.3 TRADE PAYABLES AND BORROWINGS**

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest. The carrying amount of trade and other payables is a reasonable approximation of fair value.

#### **8.2.4 CASH AND CASH EQUIVALENTS**

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**9 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as a receivable in the Statement of Financial Position and where recovered, it is subsequently accounted as a decrease in receivables in the Statement of Financial Position.

**10 IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as a receivable in the Statement of Financial Position and where recovered, it is subsequently accounted as a decrease in receivables in the Statement of Financial Position.

**11 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as a receivable in the Statement of Financial Position and where recovered, it is subsequently accounted as a decrease in receivables in the Statement of Financial Position.

**12 PROVISIONS**

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality do recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

**13 LEASES**

**13.1 MUNICIPALITY AS LESSEE**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

Contingent rentals are not straight-lined or included in the projected future minimum operating lease expenses / receipts in the note to the financial statements.

### **13.2 MUNICIPALITY AS LESSOR**

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

## **14 REVENUE**

### **14.1 REVENUE FROM EXCHANGE TRANSACTIONS**

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Adjustments to consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised on a time proportion basis, using the effective interest method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

### **14.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

#### **14.3 GRANTS, TRANSFERS AND DONATIONS**

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from grants is recognized to the extent that there has been compliance with any restrictions associated with the grant.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

Unutilised conditional grants are reflected in the Statement of Financial Position as a current liability and are always cash backed.

#### **15 BORROWING COSTS**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

#### **16 EMPLOYEE BENEFITS**

##### **16.1 SHORT-TERM EMPLOYEE BENEFITS**

The cost of short-term employee benefits, which include salaries and wages, allowances and 13th cheque compensation, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expected to pay in exchange for that service that had accumulated at the reporting date.

##### **16.2 TERMINATION BENEFITS**

Termination benefits are recognised when actions have been taken that indicate that the municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**16.3 RETIREMENT BENEFITS**

The municipality provides the following retirement benefits for its employees and councilors :

The municipality has accounted for a **defined contribution pension plan** in terms of IAS19 Employee Benefits, under which the municipality pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The municipality provides also for **post-retirement medical benefits** to qualifying retirees, their spouses and other dependent members as on date of retirement, in terms of the Bargaining Council Medical Aid Collective Agreement, dated and signed on 1 December 2005. This provision is also recognized in terms of IAS 19 and FRAP 25 on defined benefit plans. The expected cost, of these benefits is accrued over the period of employment.

Municipalities were previously exempted from IAS19 defined benefit accounting as far as it relates to defined benefit plans in terms of the exemptions of Government Gazette no. 30013 of 29 June 2007. The exemption no longer applies since the 08/09 financial year and the change in accounting policy was implemented retrospectively in 09/10.

**16.4 LONG SERVICE LEAVE AWARDS**

The liability for long service leave for which settlement can be deferred beyond 12 months from the reporting date is recognized as a non-current liability for employee benefits and measured at the present value of expected future payment to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and period of service. Expected future payments are discounted, using market yields at the reporting date on national government bonds with terms of maturity and currency that match, as closely as possible, the estimated future cash outflows.

**17 CONSTRUCTION CONTRACTS AND RECEIVABLES**

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

**18 IMPAIRMENT OF ASSETS**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2012 R	2011 R
<b>1 CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents consist of the following:			
Cash on hand		6 310	6 110
Cash at bank		(6 268 968)	(6 910 188)
Call deposits		6 536 475	-
		<u>273 817</u>	<u>(6 904 078)</u>
<b><u>Current Account (Primary Bank Account)</u></b>			
Bank : ABSA			
Account number : 1080570097			
The Municipality has the following bank accounts: -			
Cash book balance at beginning of year		<u>(6 910 188)</u>	<u>(5 467 206)</u>
Cash book balance at end of year		<u>(6 268 968)</u>	<u>(6 910 188)</u>
Bank statement balance at beginning of year		<u>2 498 101</u>	<u>3 188 909</u>
Bank statement balance at end of year		<u>1 078 979</u>	<u>2 498 101</u>
<b><u>Current Account (Other Accounts)</u></b>			
<b>Previous year :</b>			
Account number : ABSA 40-7632-1175			
Cash book balance at beginning of year		<u>-</u>	<u>4 000 000</u>
<b>Current year :</b>			
Account number : Standard Bank 348714239/3			
Cash book balance at end of year		<u>6 536 475</u>	<u>-</u>
Bank statement balance at beginning of year		<u>-</u>	<u>4 000 000</u>
Bank statement balance at end of year		<u>6 536 475</u>	<u>-</u>
<b><u>Cash on hand</u></b>		<u>6 310</u>	<u>6 110</u>
Total cash and cash equivalents		<u>6 542 785</u>	<u>6 110</u>
Total bank overdraft		<u>6 268 968</u>	<u>6 910 188</u>
<b>2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>			
<b><u>Trade receivables</u></b>			
<b>as at 30 June 2012</b>			
Service debtors			
Rates	16 342 309	-	16 342 309
Electricity	12 713 584	(9 321 344)	3 392 240
Water	3 899 352	(2 712 642)	1 186 710
Sewerage	2 622 838	(1 816 621)	806 217
Refuse	1 704 459	(1 200 676)	503 783
Other	2 010 947	(1 383 219)	627 728
Less : VAT charged not received *	(2 526 217)	1 848 403	(677 814)
<b>Total</b>	<u><b>36 767 272</b></u>	<u><b>(14 586 099)</b></u>	<u><b>22 181 173</b></u>
<b>as at 30 June 2011</b>			
Service debtors			
Rates	9 662 216	-	9 662 216
Electricity	13 821 295	(5 548 976)	8 272 319
Water	4 429 140	(3 835 888)	593 252
Sewerage	2 208 745	(2 208 745)	-
Refuse	1 532 205	(1 532 205)	-
Other	2 085 713	(2 085 713)	-
Less : VAT charged not received *	(2 671 317)	1 611 942	(1 059 375)
<b>Total</b>	<u><b>31 067 997</b></u>	<u><b>(13 599 585)</b></u>	<u><b>17 468 412</b></u>



**MOOKGOPHONG LOCAL MUNICIPALITY**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2012

Note	2012 R	2011 R
<b><u>Rates: Ageing</u></b>		
Current (0 – 30 days)	214 647	647 844
31 - 60 Days	1 421 316	1 221 680
61 - 90 Days	491 626	444 255
91 - 120 Days	602 175	460 080
121 - 365 Days	12 208 718	8 385 192
<b>Total</b>	<b>14 938 482</b>	<b>11 159 051</b>

<b><u>Electricity, Water and Sewerage: Ageing</u></b>		
Current (0 – 30 days)	814 700	4 817 022
31 - 60 Days	3 306 618	1 456 230
61 - 90 Days	1 313 621	1 059 725
91 - 120 Days	881 204	836 027
121 - 365 Days	14 248 509	12 290 175
<b>Total</b>	<b>20 564 652</b>	<b>20 459 179</b>

<b><u>Refuse and Other: Ageing</u></b>		
Current (0 – 30 days)	50181	267 370
31 - 60 Days	300 671	143 780
61 - 90 Days	136 435	117 030
91 - 120 Days	110 690	168 387
121 - 365 Days	3 192 378	2 921 352
<b>Total</b>	<b>3 790 355</b>	<b>3 617 919</b>

**Summary of Debtors by Customer Classification**

	Household Consumers	Industrial / Commercial	National and Provincial Government
	R	R	R
<b>as at 30 June 2012</b>			
Current (0 – 30 days)	629 979	286 429	163 120
31 - 60 Days	2 679 774	2 183 940	164 891
61 - 90 Days	1 334 597	386 448	220 637
91 - 120 Days	591 498	804 123	198 448
121 - 365 Days	24 973 966	4 483 312	192 327
Sub-total	<b>30 209 814</b>	<b>8 144 252</b>	<b>939 423</b>
Less: Provision for doubtful debts	(13 145 506)	(2 066 021)	-
Less : VAT charged not received yet *	(2 526 217)	-	-
<b>Total debtors by customer classification</b>	<b>14 538 091</b>	<b>6 078 231</b>	<b>939 423</b>

<b>as at 30 June 2011</b>			
Current (0 – 30 days)	4 082 688	1 486 429	163 120
31 - 60 Days	1 493 864	1 162 936	164 891
61 - 90 Days	1 208 852	286 448	125 710
91 - 120 Days	1 091 498	252 803	120 191
121 - 365 Days	20 663 389	2 741 002	192 327
Sub-total	<b>28 540 291</b>	<b>5 929 618</b>	<b>766 239</b>
Less: Provision for doubtful debts	(13 145 506)	(2 066 021)	-
Less : VAT charged not received yet *	(2 526 217)	-	-
<b>Total debtors by customer classification</b>	<b>12 868 568</b>	<b>3 863 597</b>	<b>766 239</b>

\* Deducted from the amount of Receivables is the portion of VAT not owed to SARS, as no payment were received from Consumers.

**2 Reconciliation of the doubtful debt provision**

Balance at beginning of the year	15 211 527	13 036 623
Contributions to provision	3 069 874	4 392 809
Doubtful debts written off against provision	-	-
Reversal of provision	(1 846 899)	(2 217 905)
Less : VAT Portion of Provision	(1 848 403)	(1 611 942)
<b>Balance at end of year</b>	<b>14 586 099</b>	<b>13 599 585</b>

Portion of Contribution not expensed - 267 093

**3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

Investment Interest	20 712	31 583
New Republic Bank	-	-
Other deposits	137 721	90 605
Other	449 220	605 687
<b>Total Other Debtors</b>	<b>607 653</b>	<b>727 875</b>

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2012

Note	2012 R	2011 R
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**MOOKGOPHONG LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2012 R	2011 R
<b>4 INVENTORIES</b>			
<b>Opening balance of inventories:</b>		<b>1 608 298</b>	<b>3 686 299</b>
Consumable stores - at cost		1 598 825	3 656 599
Other goods held for resale – at cost		-	-
Water		9 473	29 700
<b>Additions:</b>		<b>5 902 369</b>	<b>14 345 975</b>
Price adjustment on Opening Balance		1 695	-
Consumable stores		2 077 329	9 843 704
Other goods held for resale		-	-
Water		3 823 345	4 502 271
<b>Issued (expensed):</b>		<b>(5 826 809)</b>	<b>(16 425 547)</b>
Consumable stores		(2 035 667)	(11 901 478)
Other goods held for resale		-	-
Water		(3 791 142)	(4 524 069)
<b>Write-down / (reversal of write-down) to Net Replacement Value (NRV) or Net Replacement Cost (NRC):</b>		<b>1 695</b>	<b>1 571</b>
Consumable stores		-	-
Other goods held for resale		-	-
Water		1 695	1 571
<b>Closing balance of inventories:</b>		<b>1 683 858</b>	<b>1 608 298</b>
Consumable stores		1 640 487	1 598 825
Other goods held for resale		-	-
Water		43 371	9 473
<b>5 PREPAYMENTS</b>			
Prepaid expenses		-	-
<i>There were no payments made in the current year payable only in the next year.</i>			
<b>6 INVESTMENTS</b>			
<b>Current Investments :</b>			
Deposits		-	2 790 831
		-	<b>2 790 831</b>
<i>These amounts had been invested at :</i>			
<b><u>Investee / Account Number / Interest rate</u></b>	<b><u>Type of investment</u></b>		
ABSA Bank Limited 2056163880 @ 5,66% pa	120 days Fixed Dep.	-	2 100 000
ABSA Bank Limited 2059442154 @ 5,71% pa	154 days Fixed Dep.	-	690 831
		-	<b>2 790 831</b>

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2012

**7 PROPERTY, PLANT AND EQUIPMENT**

**7.1 Reconciliation of Carrying Value**

	Land and Buildings	Infrastructure	Community	Other Assets	Investment Property	Intangible Assets	Total
	R	R	R	R		R	R
<b>as at 1 July 2011</b>	<b>32 801 916</b>	<b>159 406 467</b>	<b>1 676 083</b>	<b>6 680 176</b>	<b>10 251 162</b>	<b>378 268</b>	<b>211 194 072</b>
Cost/Revaluation	30 376 086	228 941 018	3 236 771	23 604 418	10 251 162	924 521	297 333 976
Capital under Construction	8 945 820	4 805 418	-	-	-	-	13 751 238
Correction of error (note 43)	-	-	-	295 891	-	-	295 891
Change in accounting policy (note 43)	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	(6 519 990)	(74 339 969)	(1 560 688)	(17 220 133)	-	(546 253)	(100 187 033)
<b>Additions</b>							
Acquisitions - new assets	-	813 650	-	21 074	-	-	834 724
Capital under Construction	-	1 619 737	-	-	-	-	1 619 737
Depreciation	(846 974)	(11 817 047)	(135 376)	(2 700 680)	-	(103 809)	(15 603 886)
<b>Carrying value of disposals</b>	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	(4 380)	(1 971 534)	-	(49 137)	-	-	(2 025 051)
Transfers	-	-	-	-	-	-	-
<b>as at 30 June 2012</b>	<b>31 950 562</b>	<b>148 051 273</b>	<b>1 540 707</b>	<b>3 951 433</b>	<b>10 251 162</b>	<b>274 459</b>	<b>196 019 596</b>
Cost/Revaluation	30 376 086	234 560 086	3 236 771	23 921 383	10 251 162	924 521	303 270 009
Capital under Construction	8 945 820	1 619 737	-	-	-	-	10 565 557
Accumulated depreciation and impairment losses	(7 371 344)	(88 128 550)	(1 696 064)	(19 969 950)	-	(650 062)	(117 815 970)

Refer to Appendix A and B for more detail on property, plant and equipment

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**7.2 Reconciliation of Carrying Value**

	Land and Buildings	Infrastructure	Community	Other Assets	Investment Property	Intangible Assets	Total
	R	R	R	R		R	R
<b>as at 1 July 2010</b>	<b>27 782 826</b>	<b>165 522 058</b>	<b>1 811 459</b>	<b>10 198 267</b>	<b>10 251 162</b>	<b>285 991</b>	<b>215 851 763</b>
Cost/Revaluation	26 376 086	228 135 497	3 236 771	23 393 494	10 251 162	672 702	292 065 712
Capital under Construction	6 762 426	48 647	-	-	-	-	6 811 073
Correction of error (note 43)	-	-	-	-	-	-	-
Change in accounting policy (note 43)	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	(5 355 686)	(62 662 086)	(1 425 312)	(13 195 227)	-	(386 711)	(83 025 022)
<b>Additions</b>							
Acquisitions - new assets	4 000 000	805 521	-	668 819	-	251 819	5 726 159
Capital under Construction	2 183 394	4 756 771	-	-	-	-	6 940 165
Depreciation	(1 164 304)	(11 677 883)	(135 376)	(4 432 607)	-	(159 542)	(17 569 712)
<b>Carrying value of disposals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(50 194)</b>	<b>-</b>	<b>-</b>	<b>(50 194)</b>
Cost/Revaluation	-	-	-	(457 895)	-	-	(457 895)
Accumulated depreciation and impairment losses	-	-	-	407 701	-	-	407 701
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
<b>as at 30 June 2011</b>	<b>32 801 916</b>	<b>159 406 467</b>	<b>1 676 083</b>	<b>6 384 285</b>	<b>10 251 162</b>	<b>378 268</b>	<b>210 898 181</b>
Cost/Revaluation	30 376 086	228 941 018	3 236 771	23 604 418	10 251 162	924 521	297 333 976
Capital under Construction	8 945 820	4 805 418	-	-	-	-	13 751 238
Accumulated depreciation and impairment losses	(6 519 990)	(74 339 969)	(1 560 688)	(17 220 133)	-	(546 253)	(100 187 033)

Refer to Appendix A and B for more detail on property, plant and equipment

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

Note

**2012**  
**R**

**7.3 Property, plant and equipment pledged as security**

None

-

**7.4 Details of valuation**

*The Municipality adopted the accounting policy based on GRAP 17, relating to Property, Plant and Equipment, effected from 1 Jul, implemented it within the 2011 financial statements. PricewaterhouseCoopers Combined Systems (Pty) Ltd, acted independant from revalue the non-current assets.*

*The valuation was performed using a fair value for land and buildings and the cost model for other assets where sufficient history w.*

**8 INTANGIBLE ASSETS**

**8.1 Reconciliation of carrying value**

<b>As at 1 July</b>	<b>378 268</b>
Cost	924 521
Correction of error (note 42)	-
Change in accounting policy (note 41)	-
Accumulated amortisation and impairment losses	(546 253)
Acquisitions	-
Amortisation	(103 809)
<b>as at 30 June</b>	<b>274 459</b>
Cost	924 521
Accumulated amortisation and impairment losses	(650 062)

**8.2** Intangible Assets exists only of Computer Software Licences and the right to use computerized programmes.

**9 INVESTMENT PROPERTY CARRIED AT COST**

**9.1 Reconciliation of carrying value**

<b>As at 1 July</b>	<b>10 251 162</b>
Cost	10 251 162
Correction of error (note 42)	-
Change in accounting policy (note 41)	-
Accumulated depreciation and impairment losses	-
Acquisitions	-
Depreciation	-
<b>as at 30 June</b>	<b>10 251 162</b>
Cost	10 251 162
Accumulated depreciation and impairment losses	-

**9.2** Fair value of investment property carried at cost:

*The effective date of the revaluations was 1 July 2010. Revaluations were performed by PricewaterhouseCoopers Combined Syste independant from the Municipality to revalue the non-current assets. and have expert experience in the location and categorising of property being valued.*

*The valuation was based on open market value for existing use.*

**9.3** Details of property:

*All proprety being listed as Investment Property is land available for township establishment. The Council placed however a morato. establishment due to water; electricity and waste water services that are currently already operate on overloaded capacity.*

**9.4** No rental income is currently received from Investment Property as all property is undeveloped land.

**10 INVESTMENT PROPERTY CARRIED AT FAIR VALUE**

*No valuation were done as yet at fair value, as this was the first year of implementation. Valuations based on fair value will be execu. simultaneously with the general updating of the Municipall Valuation Roll.*

2011  
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420 439
672 702
-
-
(252 263)

-

(134 448)

285 991
672 702
(386 711)

-

10 133 195
492 185
-
9 641 010
-

117 967

-

10 251 162
10 251 162
-

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the investment

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**MOOKGOPHONG LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2012 R
<b>11 NON-CURRENT ASSETS HELD FOR SALE</b>		
Property, plant and equipment		-
Investment property		-
Other assets		-
		<u>-</u>

*There were no assets held for sale as at 30 June 2011. The annual asset count however identified assets to the value of R 4,815,51 traced and is still included in the asset register. A detailed report is to be submitted to Council in September 2011 for approval to use.*

**12 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

Trade creditors	5 065 412
Payments received in advance	2 123 752
Retentions	1 035 194
Electricity connection deposits	116 063
Other creditors	764 239
Less : VAT included in outstanding invoices not paid yet *	<u>(622 068)</u>
<b>Total creditors</b>	<b><u>8 482 592</u></b>

*The fair value of trade and other payables approximates their carrying amounts.*

*\* Deducted from the amount of Trade and Other Payables is the portion of VAT not claimable from SARS, as no payment were made from providers.*

**13 CONSUMER DEPOSITS**

Electricity and Water	3 074 508
<b>Total consumer deposits</b>	<b><u>3 074 508</u></b>

*No interest is paid for deposits held on behalf of consumers.*

<b>Guarantees held in lieu of Electricity and Water Deposits</b>	<b><u>121 250</u></b>
--	-----------------------

**14 VAT PAYABLE / RECEIVABLE**

VAT payable	626 721
VAT receivable	<u>-</u>

*VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.*

**15 CURRENT PROVISIONS**

Provision for leave	3 099 264
Provision for 13th cheque payments	549 241
<b>Total Provisions</b>	<b><u>3 648 505</u></b>

The movement in current provisions are reconciled as follows: -

	<b>Provision for 13th cheque</b>
<b>as at 1 July 2011</b>	522 166
Contributions to provision	27 075
Expenditure incurred	-
<b>as at 30 June 2012</b>	<b><u>549 241</u></b>
<b>as at 1 July 2010</b>	-
Contributions to provision	-
Expenditure incurred	-
<b>as at 30 June 2011</b>	<b><u>-</u></b>



**MOOKGOPHONG LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2012 R
<b>16 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
<b>Unspent Conditional Grants from other spheres of Government</b>		
Municipal Infrastructural Grant		16 125 632
Housing Grant		2 901 261
Grant from Waterberg District Council		61 112
Lotto Grant		137 300
Financial Management Grant		229 321
Integrated National Electrification Programme		-
<b>Total Unspent Conditional Grants and Receipts</b>		<b>19 454 626</b>
<b>Non-current unspent conditional grants and receipts</b>		-
<b>Current portion of unspent conditional grants and receipts</b>		<b>19 454 626</b>

See Note 27 for reconciliation of grants and receipts. These amounts are not invested in ring-fenced investments.

**17 FINANCE LEASE LIABILITY**

2012	Minimum lease payment	Future finance charges
<b>Amounts payable under finance leases</b>		
Within one year	70 568	1 517
Within two to five years	-	-
	<u>70 568</u>	<u>1 517</u>
Less: Amount due for settlement within 12 months (current portion)		

The effective interest rate is 10.5% and is repayable in 36 equal installments of which the first was paid in November 2009. The last installment is payable in November 2012.

2011	Minimum lease payment	Future finance charges
<b>Amounts payable under finance leases</b>		
Within one year	211 704	18 419
Within two to five years	70 568	1 517
	<u>282 272</u>	<u>19 936</u>
Less: Amount due for settlement within 12 months (current portion)		

The effective interest rate is between 12.5% and 13.5% and is repayable in 60 and 36 equal installments of which the first was paid in November 2005. The last installment is payable during July 2011 and October 2012 respectively.

**18 NON-CURRENT PROVISIONS**

Provision for rehabilitation of landfill sites	5 454 875
Provision for long-service awards	1 251 383
<b>Total Non-Current Provisions</b>	<b>6 706 258</b>

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It's on the present value of the future obligation, discounted at 2,5%, over an average period of 31 years.

Long-service awards are payable to employees, with 5 years intervals, starting from 10 years continuous service. The provision is long-service based on historical staff turnover. **Arch Actuarial Consulting CC** was appointed by the Municipality to determine the towards the long-service awards obligation.

The movement in the non-current provision is reconciled as follows: -

**Provision for rehabilitation of landfill sites:**

<b>Balance at the beginning of year</b>	5 121 948
Interest Cost	332 927
Expenditure incurred	-
<b>Balance at the end of year</b>	<b>5 454 875</b>

**Provision for long-service awards:**

**The fair value of plan assets includes:**  
Not applicable as there are no plan assets

**Net expense recognised in the statement of financial performance**

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2012 R
Opening Balance		1 249 066
<b>Amount included in employee related costs</b>		<b>2 317</b>
Current Service Cost		218 537
Interest Cost		92 592
Actuarial (Gain)/Loss Recognised in P&L		(97 110)
Employer Benefit Vestings		(211 702)
		<b>1 251 383</b>

**Key assumptions used**

Key financial assumptions used at the reporting date:

Discount Rates used	6.60%
General Salary Inflation Rate	5.97%
Net effective discount rate	0.59%

Key demographic assumptions used at the report date:

Average retirement age	63
Mortality during employment	SA 85 - 90
Withdrawal from service (sample annual rates)	Age
	Male
	20 16%
	30 10%
	40 6%
	50 2%
	55 0%

**Sensitivity Analysis on the Unfunded Accrued Liability**

Assumption	Change	Liability (R )
Central Assumptions		1 251 000
General Salary Inflation	+1%	1 344 000
	-1%	1 168 000
Average Retirement Age	-2 years	1 105 000
	+2 years	1 397 000
Withdrawal Rates	-50%	1 532 000

**Best estimate of benefit payments expected in the next annual periods**

**2012/13**

<b>Amount included in employee related costs</b>	<b>147 002</b>
Current Service Cost	189 207
Interest Cost	78 649
Actuarial (Gain)/Loss Recognised in P&L	(120 854)
Employer Benefit Vestings	-

**19 PROPERTY RATES**

**Actual**

Residential	6 990 828
Commercial	2 316 263
Agricultural	4 397 368
Municipal and Other	108 379
State	846 837
<b>Total</b>	<b>14 659 675</b>

**Valuations**

Residential	1 104 262 481
Commercial	318 858 825
Agricultural	3 126 669 208
State	53 738 701
Municipal and Non Rateable Property	2 611 424 467
<b>Total Property Valuations</b>	<b>7 214 953 682</b>

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009. Interim valuations on a monthly basis to take into account changes in individual property values due to alterations and subdivisions. The valuation for July 2008 by the Municipal Manager.

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2012 R
<b>20 SERVICE CHARGES</b>		
Sale of electricity		30 567 880
Sale of water		4 796 588
Refuse removal		3 105 150
Sewerage and sanitation charges		3 453 048
<b>Total Service Charges</b>		<b>41 922 666</b>
<b>21 RENTAL OF FACILITIES AND EQUIPMENT</b>		
Rental of facilities		58 673
<b>Total rentals</b>		<b>58 673</b>
<b>22 INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
Interest earned on current accounts and investments		250 757
<b>Total interest</b>		<b>250 757</b>
<b>23 INTEREST EARNED - OUTSTANDING RECEIVABLES</b>		
Interest charged against all consumer debtors in arrears		2 148 561
<b>Total interest</b>		<b>2 148 561</b>
<b>24 FINES</b>		
Cash received from traffic fines		89 357
Late returns of library books		1 638
		<b>90 995</b>
<b>25 LICENSES AND PERMITS</b>		
Trade Licenses		-
Dog Licenses		-
		<b>-</b>
<b>26 REVENUE FROM AGENCY FEES</b>		
Fire Fighting		757 401
Vehicle Licenses		2 769 141
		<b>3 526 542</b>
<b>27 GOVERNMENT GRANTS AND SUBSIDIES</b>		
<b>Operating Grants</b>		<b>24 786 335</b>
Equitable share		22 822 000
Finance Management Grant		1 020 678
Municipal Systems Improvement Grant		790 000
Skills Education & Training Grant		153 657
Waterberg DC Grant -in- Aid		-
Municipal Infrastructural Grant (5% Operating Expenses)		-
<b>Capital Grants</b>		<b>3 221 722</b>
Municipal Infrastructural Grant		3 221 722
Housing Grant		-
Integrated National Electrification programme (INEP)		-
<b>Total Government Grant and Subsidies</b>		<b>28 008 057</b>
<b>27.1 Equitable Share</b>		
<i>In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members and for operations within the municipality.</i>		
<b>27.2 Municipal Infrastructural Grant</b>		
<b>Balance unspent at beginning of year</b>		8 643 352
Current year receipts		13 536 000
Conditions met - transferred to revenue		(3 221 721)
Revert to National Treasury		(2 832 000)
<b>Conditions still to be met - remain liabilities (see note 16)</b>		<b>16 125 631</b>

*The intention of the grant is to provide funding for infrastructural capital projects. The unspent amount is committed to capital project construction.*

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2012 R
<b>27.3 Other Government Grants and Subsidies</b>		
Balance unspent at beginning of year		3 199 673
Current year receipts		2 040 000
Conditions met - transferred to revenue		(1 810 678)
Revert to National Treasury		(100 000)
<b>Conditions still to be met - remain liabilities (see note 16)</b>		<b>3 328 995</b>
<i>The unspent amount is in relation to projects still to be commenced with.</i>		
<b>27.4 Changes in levels of government grants</b>		
<i>Based on the allocations set out in the Division of Revenue Act, (Act 5 of 2012), dated 31 March 2012, no significant changes in government grant funding are expected over the forthcoming 3 financial years.</i>		
<b>28 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS</b>		
<b>28.1 Other income</b>		
Recovery of unauthorised, irregular, fruitless and wasteful expenditure (Note 44)		-
<b>Total Other Income</b>		<b>-</b>
<b>28.2 Public contributions and donations</b>		
<b>Total public contributions and donations (see also note 50)</b>		<b>-</b>
<b>29 OTHER REVENUE</b>		
Connection and reconnection fees		5 082
Insurance claims and Cemetery fees		63 420
Sundry income		310 110
		<b>378 612</b>
<b>30 EMPLOYEE RELATED COSTS</b>		
<b>Remuneration of the Municipal Manager</b>		
Annual Remuneration		679 046
Performance- and other bonuses		-
Travel, motor car, accommodation, subsistence and other allowances		51 856
Contributions to UIF, Medical and Pension Funds		-
<b>Total</b>		<b>730 902</b>
<b>Remuneration of the Chief Finance Officer</b>		
Annual Remuneration		593 139
Performance- and other bonuses		-
Travel, motor car, accommodation, subsistence and other allowances		24 864
Contributions to UIF, Medical and Pension Funds		14 433
<b>Total</b>		<b>632 436</b>
<b>Remuneration of Individual Executive Directors</b>		
	<b>Technical Services</b>	<b>Corporate Services</b>
<b>2012</b>		
Annual Remuneration	409 744	523 341
Performance- and other bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	97 557	70 744
Contributions to UIF, Medical and Pension Funds	-	36 555
<b>Total</b>	<b>507 301</b>	<b>630 640</b>
	<b>Technical Services</b>	<b>Corporate Services</b>
<b>2011</b>		
Annual Remuneration	456 619	377 504
Performance- and other bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	133 195	100 907
Contributions to UIF, Medical and Pension Funds	1 546	100 549
<b>Total</b>	<b>591 360</b>	<b>578 960</b>

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2012 R
<b>Remuneration of all other employees</b>		
Employee related costs - Salaries and Wages		23 255 518
Employee related costs - Contributions for UIF, pensions and medical aids		5 809 650
Travel, motor car, accommodation, subsistence and other allowances		1 355 394
Housing benefits and allowances		45 758
Overtime payments		2 178 511
Long Service Awards		-
Post-employment benefits - Pension - Defined contribution plan		2 317
Other employee related costs		1 837 113
<b>Total Employee Related Costs</b>		<b>34 484 261</b>
 <i>There were no advances to employees / Loans paid to or outstanding from employees.</i>		
<i>The Municipal Manager and Chief Financial Officer were suspended with full salary as disclosed in this note.</i>		
<b>31 REMUNERATION OF COUNCILLORS</b>		
Mayor		591 788
Other Councillors		1 887 001
<b>Total Councillors' Remuneration</b>		<b>2 478 789</b>
<b>In-kind Benefits</b>		
 <i>The Mayor and the Chief Whip are full-time councillors. Each is provided with an office and secretarial support at the cost of the C</i>		
 <i>The Mayor is entitled to make use of a Council owned vehicle for official duties and make use of a full-time driver as well as a full-time expense of the Council.</i>		
<b>32 FINANCE COSTS</b>		
Bank overdrafts		-
Interest Cost		351 346
<b>Total Finance Costs</b>		<b>351 346</b>
<b>33 BULK PURCHASES</b>		
Electricity		28 556 706
Water		-
<b>Total Bulk Purchases</b>		<b>28 556 706</b>
<b>34 MATERIALS</b>		
<b>Repairs and Maintenance :</b>		
Open Public Areas		48 131
Street Lights		72 231
Buildings		366 593
Land & Fencing		5 260
Streets & Pavements		33 810
Water Network		1 097 005
Machinery & Equipment		169 164
Sport Fields		35 800
Furniture & Office Equipment		18 717
Electricity Network		855 076
Radio's		8 236
Traffic Signs & Road Markings		96
Other Materials		1 048 282
		<b>3 758 401</b>
<b>35 CONTRACTED SERVICES</b>		
Rental Photocopier		543 989
Rental Landfill Site		-
Dumping Site Maintenance		524 154
Legal Fees		1 102 905
Computer Software Licenses		389 895
Telephone & Cell phone Costs		743 195
Security Services		809 955
Short Term Insurance		420 624
Valuation Costs		138 940
Sample Analysis		-
Website Maintenance		54 523
Rental other Equipment		102 594

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2012 R
		<b>4 830 774</b>
<b>36 OTHER EXPENDITURE</b>		
Collection Cost		189 242
Audit fees		2 754 607
<b>Included, as general expenses :-</b>		
Advertising and Communication		259 018
Bank charges		243 376
Capacity Building		452 354
Integrated Development Planning Review		162 720
Public Account Committee		211 067
Conferences and delegations		155 821
Membership fees		74 019
Mayoral Community Work Programmes		1 061 284
Refreshments		167 832
Local Economic Development Projects		51 949
Indigent Relief		4 464 657
Audit Committee and Internal Audit		115 377
Postage		132 136
Travel and subsistence		759 590
Vehicle Costs		3 379 960
Utilization of conditional grants		1 187 597
Other		1 014 836
		<b>16 837 442</b>
<b>37 GRANTS AND SUBSIDIES PAID</b>		
None		-
		-
<b>38 GAIN / (LOSS) ON SALE OF ASSETS</b>		
Property, plant and equipment		-
Other financial assets		-
<b>Total Gain / (Loss) on Sale of Assets</b>		-
<b>39 CASH GENERATED BY OPERATIONS</b>		
Surplus/(deficit) for the year		(22 070 926)
Adjustment for:-		
Depreciation and amortisation		17 628 937
(Gain) / loss on sale of assets		-
Contribution to provisions - non-current		1 546 801
Contribution to provisions - current		(518 573)
Finance costs		351 346
Prior year adjustments		-
Interest earned		(250 757)
<b>Operating surplus before working capital changes:</b>		<b>(3 313 172)</b>
(Increase)/decrease in inventories		(75 560)
(Increase)/decrease in trade receivables		(4 712 761)
(Increase)/decrease in other receivables		120 222
(Increase)/decrease in VAT receivable		3 912 442
Increase/(decrease) in unspent conditional grants and receipts		7 611 601
Increase/(decrease) in trade payables		2 875 770
Increase/(decrease) in consumer deposits		339 376
Increase/(decrease) in VAT payable		626 721
<b>Cash generated by/(utilised in) operations</b>		<b>7 384 639</b>
<b>40 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise of the following:		
Bank balances and cash		273 817
Bank overdrafts		-
<b>Net cash and cash equivalents (net of bank overdrafts)</b>		<b>273 817</b>
<b>41 CHANGE IN ACCOUNTING POLICY</b>		

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

Note

**2012**  
**R**

*There were no significant changes in the accounting policies that could have an effect on the opening balances.*

**42 CORRECTION OF ERROR**

During the year ended 30 June 2011 :

**The comparative amounts affected the surplus/(deficit) for the year, has been restated as follows:**

Surplus / (Deficit) for the year previously reported -

**Net effect on surplus/(deficit) for the year**

Depreciation and asset impairment increased with

**Restated Surplus / (Deficit) for the year**

**The comparative amounts affected the Accumulated surplus/(deficit) as at 30 June 2011, has been restated as follows:**

Accumulated Surplus / (Deficit) for the year previously reported -

**Net effect on surplus/(deficit) for the year**

Adjustment to assets opening balance increased with

Trade Receivables decreased with

VAT Receivable increased with

VAT Charged Debtors increased with

**Restated Accumulated surplus / (deficit) opening balance**

**43 CHANGE IN ESTIMATE**

*The carrying value of the Mookgophong Municipality's PP&E was impaired as indicated in annexure A to a total amount of R2 025*

**44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**44.1 Unauthorised expenditure**

Reconciliation of unauthorised expenditure

Opening balance	28 225 948
Unauthorised expenditure current year	3 865 959
Approved by Council or condoned	(28 225 948)
Transfer to receivables for recovery	-
Unauthorised expenditure awaiting authorisation	<u><u>3 865 959</u></u>

<b>Incident</b>	<b>Amount</b>	<b>Disciplinary / Cc</b>
<b><u>2010/11</u></b>		
MIG Grant spent on operational expenses	R 9 052 192.00	
Purchase of BMW Sedan	R 382 554.00	Proper cash flow mane
Total Budget Over-expenditure relating to depreciation entries	R 19 173 756.00	Approved by Council Council condoned ove
<b><u>2011/12</u></b>		
MIG Grant spent on operational expenses	R 3 865 959.00	Proper cash flow mane

**44.2 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure

Opening balance -	1 424 042
Fruitless and wasteful expenditure current year	86 307
Condoned or written off by Council	(1 424 042)
Fruitless and wasteful expenditure awaiting condonement	<u><u>86 307</u></u>

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2012 R
<b>Incident</b>	<b>Amount</b>	<b>Disciplinary / Cc</b>
<b>2010/11</b>		
SARS Interest and penalties	R 63 307.00	Official transferred to a
Landfill site	R 112 000.00	None
Interest charged on late payments	R 8 271.00	None
Excessive amounts paid for Laptops (Verveen F5)	R 67 084.00	In respect of the Verve
Advert for the position of Electricians (Verveen F6)	R 9 430.00	March 2011, the Munic
Price difference in procuring protective clothing (Verveen F7)	R 102 383.00	Chief Financial Officer
Illegal suspension of employee (Verveen F12)	R 152 900.00	
Costs to attorney involving JA Schutte's case	R 146 336.00	None
Labour Case	R 278 331.00	Commenced with hear
Incorrect 2010 AFS submitted by service provider	R 484 000.00	Service provider report Treasury
<b>2011/12</b>		
Services disconnected at Truckstop while interdick was applicable. Court ruled against Municipality with costs	R 57 654.00	Not paid as yet. Liabilit reported to council.
Interest and penalties paid on late payments	R 28 653.00	Cashflow has to impro payments

#### 44.3 Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	11 966 058
Irregular expenditure current year	-
Condoned or written off by Council	(11 966 058)
Transfer to receivables for recovery – not condoned	-
Irregular expenditure awaiting condonement	-

<b>Incident</b>	<b>Amount</b>	<b>Disciplinary / Cc</b>
<b>2010/11</b>		
Irregularities regarding temporary workers cash pay-outs. (Verveen F1)	R 124 849.00	
Irregular appointment of Corporate Services Manager (Verveen F2)	R 540 000.00	
Irregular appointment of an attorney (Verveen F3)	R 313 404.00	In respect of the Verveen
Irregular award of tenders to employees (Verveen F4)	R 95 330.00	March 2011, the Munic
Irregular appointment of Electricians (Verveen F6)	R 356 000.00	Financial Officer and C
Irregular award of tender for the supply of protective clothing (Verveen F7)	R 188 523.00	Manager were suspend
Irregular award of tender to supply refuse bins (Verveen F8)	R 405 000.00	discharge with a severe
Irregular award of tender to erect a palisade fence (Verveen F9)	R 372 296.00	Charges were laid agai
Irregular appointment of Chief Financial Officer (Verveen F11)	R 578 000.00	it was reported to the A
Irregular appointment of Electrician and Intern wrt nepotism (Verveen F13)	R 265 000.00	
Irregular award of tenders-various uninvestigated cases (Verveen F14)	R 4 446 588.00	
Overtime paid for the year, as no policy existed.	R 2 792 350.00	Policy designed and ap
Staff benefits (allowances) paid without an approved policy	R 1 488 718.00	Policy designed and ap
<b>2011/12</b>		
None		

**Note :** "Verveen F..", refers to findings in terms of an investigation done by Verveen Attorneys regarding to fraudulent activities d

#### 45 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

##### 45.1 Contributions to organised local government

Opening balance	-
Council subscriptions	-
Amount paid - current	-
Amount paid - previous years	-
<b>Balance unpaid (included in payables)</b>	-



**MOOKGOPHONG LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

Note

**2012**  
**R**

**45.2 Audit fees**

Opening balance	-
Current year audit fee	2 754 607
Amount paid - current year	(2 310 504)
Amount paid - previous years	-
<b>Balance unpaid (included in payables)</b>	<b>444 103</b>

*An amount of R 444,103.00 in respect of audit fees were outstanding as at 30 June 2012*

**45.3 VAT**

VAT input receivables and VAT output payables are shown in note 14. All VAT returns have been submitted by the due date through

**45.4 PAYE,SDL and UIF**

Opening balance	-
Current year payroll deductions	4 766 361
Amount paid - current year	(4 766 361)
Amount paid - previous years	-
<b>Balance unpaid (included in payables)</b>	<b>-</b>

*There were no payments outstanding as at 30 June*

**45.5 Pension and Medical Aid Deductions**

Opening balance	-
Current year payroll deductions and Council Contributions	8 181 259
Amount paid - current year	(8 181 259)
Amount paid - previous years	-
<b>Balance unpaid (included in payables)</b>	<b>-</b>

*There were no payments outstanding as at 30 June*

**45.6 Councillor's arrear consumer accounts**

There were no elected councillor present and prior that were at any time in arrear with any consumer account in their name.

**45.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act**

None

**46 CAPITAL COMMITMENTS**

**Commitments in respect of capital expenditure**

**- Approved and contracted for**

Infrastructure	<b>14 400 163</b>
Community	-
Heritage	-
Other	-

**Total**

**14 400 163**

This expenditure will be financed from:

- External Loans	-
- Government Grants	14 400 163
- Own resources	-
- District Council Grants	-
	<b>14 400 163</b>

As at 30 June 2012 the following commitments existed :

**Upgrading of the Welgevonden Water Purification Works** : Moloko Business Enterprise was appointed as the service provider total tender amount of R 13,777,059. A total amount of R4,089,567 was paid so far towards this project.

**Bulk Stormwater Phase 3 Extension 5 & 6** : A consulting engineer had been appointed to commence with the planning phase of tender to construct had been appointed on 16 January 2012 to an amount of R 5 383 144.00. A total amount of R 670 473 had been

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2012 R
<b>47 RETIREMENT BENEFIT INFORMATION</b>		
<b>47.1 Defined contribution plan</b>		
The municipality contributes towards the following defined contribution pension plans:		
<ul style="list-style-type: none"> <li>- Samwu Provident Fund</li> <li>- National Fund for Municipal Workers</li> <li>- Municipal Gratuity Fund</li> <li>- Municipal Employee Fund</li> <li>- Joint Municipal Pension Fund</li> <li>- Municipals Councillors Pension Fund</li> <li>- Government Employee Pension Fund</li> <li>- SALA Pension Fund</li> <li>- National Fund for Municipal Workers – 2% Fund</li> <li>- Imatu Pension Fund</li> </ul>		
The annual contributions towards the above pension funds have been expensed and included in employee related costs for the year above.		
<b>47.2 Defined benefit plan</b>		
The Municipality offers employees and continued members the opportunity of belonging to one of several medical aid schemes, a range of options pertaining to levels of cover. In-service members who joined the Municipality on or before 1 December 2005 will receive an employment subsidy of 60% of the contribution payable. Widow(er)s and orphans of eligible in-service members are entitled to receive a subsidy on and after the death of an in-service employee.		
<b>Arch Actuarial Consulting CC</b> was appointed by the Municipality to determine the actuarial valuations towards the post employment benefits.		
The municipality contributes towards the following defined benefit plans :		
<ul style="list-style-type: none"> <li>- KeyHealth</li> <li>- Bonitas</li> <li>- LA Health</li> <li>- Hosmed</li> <li>- SAMWUMed</li> </ul>		
The annual contributions towards the above medical funds including for post-retirement benefits, have been expensed and are included in employee related costs for the year, however the long term obligation for continuous members are provided as follows :		
In estimating the liability for post-employment health care benefits a number of assumptions are required. GRAP 25 Statement of Financial Position requires management to set these assumptions as guided by the principles set out in the Statement and in discussion with the actuary.		
It should be noted that the valuation method and assumptions do not affect the ultimate cost of the post-employment health care as it is determined by actual experience and by the benefits provided. The method and assumptions influence how the past service liability costs are recognised over time.		
The key financial and demographic assumptions are summarised below:		
<b>The amounts recognised in the statement of financial position are as follows:</b>		
Provision for post employment health care benefits		<b>9 449 637</b>
<b>The fair value of plan assets includes:</b>		
Not applicable as there are no plan assets		
<b>Net expense recognised in the statement of financial performance</b>		
Opening Balance		8 238 080
<b>Amount included in employee related costs</b>		<b>1 211 557</b>
Current Service Cost		170 821
Interest Cost		686 345
Actuarial (Gain)/Loss Recognised in P&L		(190 200)
Contributions / Employer Benefit Payments		544 591
		<b>9 449 637</b>
<b>Key assumptions used</b>		
Key financial assumptions used at the reporting date:		
Discount Rates used		8.18%
Health Care Cost Inflation Rate		7.01%
Net effective discount rate		1.09%

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2012 R
Key demographic assumptions used at the report date:		
Average retirement age		63
Continuation of membership at retirement		98%
Proportion assumed married at retirement		90%
Proportion of eligible current non-member employees joining the scheme by retirement		
Mortality during employment		SA 85 - 90
Mortality post-retirement		PA90-1 ultimate
<b>48 CONTINGENT LIABILITY</b>		
<b>48.1 Fraud and Corruption Allegations in Verveen Report</b>		
Possible legal cases emanating from the Verveen-report on allegations of Fraud and Corruption against employees might lead to legal actions and disputes that could cost the council in legal fees an amount of :		300 000
<b>48.2 David Shirelelo Chauke vs Mookgophong Municipality</b>		
Judgement were taken against the Municipality in a claim for damages and loss of income as the case were not defended. The Municipality applied for the rescission of judgement. The legal cost as well as the claim could amount to :		213 916
<b>48.3 Claim of unfair labour practice, RM Rampedi vs Mookgophong Municipality.</b>		
The plaintiff referred a practice of unfair labour practice to the South African Bargaining Council. A claim was awarded in July 2011 in favour of the plaintiff to the amount of R 34 503 and paid to the Employee. The employee referred the matter yet again to the Labour Court for further judgement Possible legal fees :		150 000
<b>48.4 Vula Vala Projects &amp; CC vs Mookgophong Municipality.</b>		
An irregular appointment of a service provider had been done to deliver 2000 dustbins (refer also to par. 44.3 above). The total contract price is R 405,000. An amount of R 275,000 was paid. The service provider is claiming for the remaining amount of :		130 000
<b>48.5 JF de Beer vs Mookgophong Municipality</b>		
Mr JF de Beer is a tenant on a property owned by a certain van Dyk. Mr de Beer did not enter into an agreement with the municipality to render electricity services. The municipality disconnected the electricity on the property as the account of van Dyk is not paid. De Beer issued an interdict to reconnect. The legal suit is still continued and could amount to :		150 000
<b>49 CONTINGENT ASSET</b>		
No fruitless and wasteful expenses for the current year will be recovered from an employee as the late payments were caused by shortages at the end of the month.		
<b>50 IN-KIND DONATIONS AND ASSISTANCE</b>		
In-kind donations and assistance from the Waterberg District Municipality		-
<b>Description</b>		
Monetary assistance to appoint a service provider to upgrade the asset register		
<b>51 RELATED PARTIES</b>		
There were no related parties relationships linked to the municipality that substantially could influence the outcome of any financial		
<b>52 EVENTS AFTER THE REPORTING DATE</b>		
There were no events after reporting date (30 June 2011), known to management that can lead to significant changes in the state position in future.		

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2012 R
<b>53 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS</b>		
The following areas involve a significant degree of estimation uncertainty:		
<ul style="list-style-type: none"> <li>- Useful lives and residual values of property, plant, and equipment</li> <li>- Recoverable amounts of property, plant and equipment</li> <li>- Provision for rehabilitation of landfill sites (discount rate used, number of years, amount of cash flows)</li> <li>- Present value of defined benefit obligation</li> <li>- Fair value of plan assets</li> <li>- Provision for doubtful debts</li> <li>- Impairment of assets</li> <li>- Provision for long-term service award</li> </ul>		
The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in applying the municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:		
<ul style="list-style-type: none"> <li>- Impairment of assets</li> <li>- Provisions</li> </ul>		
<b>54 RISK MANAGEMENT</b>		
<b>54.1 Credit risk exposure</b>		
Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks and limits exposure to any one counter-party.		
Trade receivables comprise of a widespread consumer and tax-payer base. Management evaluates credit risk relating to customers on a monthly basis. Customers are independently rated, based on their average consumption per month. The credit quality of the consumer or trade debtor is assessed, taking into account its financial position, past experience and other factors (when available).		
Risk limits are annually reviewed by the council in a form of deposits payable or bank guarantees, before opening a municipal account. If a consumer is in default, the amount of deposit payable is adjusted to the average of three months consumption. Assessment rates are determined in terms of the Municipal Property Rates Act 2004, Act 6 of 2004. Municipal accounts in arrear are subject to the charge of interest on the capital amount in arrear as determined by council.		
Municipal accounts are mainly settled in cash received at the different paypoints or direct banking methods. Credit risk is further limited by the updating of the Indigent consumer database. These category of consumers are benefiting from zero to low charges of consumption rebates and are financed through the Equitable Share subsidy received from National Government.		
<b>54.2 Liquidity risk</b>		
The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are maintained.		
<b>54.3 Interest rate risk</b>		
As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially unaffected by changes in market interest rates.		
<b>55 RESTATEMENT OF COMPARATIVE INFORMATION</b>		
The set of financial statements that had been presented for audit purposes as at 30 June 2010 differed from the closing balances as reported in the financial statements as on the same date.		
The opening balances as indicated on this set of financial statements corrected this error by indicating the correct movement and the "2010" column on all the relevant pages. Other errors identified by the Auditor-General in the 2010 Audit Report had also been corrected as noted above.		
<b>56 COMPARISON WITH THE BUDGET</b>		
The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure D		

2011  
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**2 735 132**

**121 250**

-  
2 983 057

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522 166

**4 167 078**

Provision for leave

3 644 912  
(545 648)

-  
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203 680

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**3 644 912**

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-  
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**11 843 025**

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of minimum  
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-

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(69 052)

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**Present value  
of minimum  
lease payments**

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15%  
6%  
2%  
0%

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-6%
-12%
12%
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2013/14

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201 692
86 781
(169 149)
-

13 106 236
2 505 942
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67 705
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1 125 408 491
331 792 193
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104 294

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**Community  
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71 333

40 849

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**Community  
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-

112 707

95 972

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1 330 723  
39 622  
2 792 350  
21 019  
1 313 109  
987 245

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#### Corrective steps

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Management implemented

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Corrective steps
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**8 238 080**

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/ risk through an  
ties are monitored.

independent of

as presented on the

balances in the  
rected as indicated in

**MOOKGOPHONG LOCAL MUNICIPALITY**

**APPENDIX A  
SCHEDULE OF EXTERNAL LOANS**

as at 30 June 2012

	Loan number	Redeemable Date	Balance at 30 June 2011	Received during the period	Redeemed / written off during the period	Balance at 30 June 2012	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
<b>EXTERNAL LOANS</b>			R	R	R	R	R	R
<b>LONG-TERM LOANS</b>								
Stock Loan @ x% 2								
Stock Loan @ x% 3								
Stock Loan @ x% 4								
Stock Loan @ x% 5								
Stock Loan @ x% 6								
Stock Loan @ x% 7								
Stock Loan @ x% 8								
<b>Total long-term loans</b>								
<b>ANNUITY LOAN</b>								
Sanlam @ x%								
<b>GOVERNMENT LOANS</b>								
- Other @ x%								
<b>Total Government Loans</b>								
<b>TOTAL EXTERNAL LOANS</b>								

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**APPENDIX A**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2012

	Cost / Revaluation				Accumulated Depreciation					Transfers	Other movements	
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss			Closing Balance
	R	R	R	R	R	R	R	R	R			R
Land and Buildings												
Developed Land	5 999 409	-	-		5 999 409				-	-	-	-
Dwellings	1 583 274	-	-	-	1 583 274	(803 544)	(63 334)	-	(4 380)	(871 258)	-	-
Landfill Sites	6 121 000	-	-	-	6 121 000	(1 257 441)	(50 662)	-	-	(1 308 103)	-	-
Non Residential Structures	16 672 404	-	-	8 945 819	25 618 223	(4 459 005)	(732 978)	-	-	(5 191 983)	-	-
	30 376 087	-	-	8 945 819	39 321 906	(6 519 990)	(846 974)	-	(4 380)	(7 371 344)	-	-
Infrastructure												
Electricity	27 843 051	-	-	-	27 843 051	(13 002 164)	(1 392 786)	-	-	(14 394 950)	-	-
Roads	133 114 670	813 650	-	2 590 484	136 518 804	(30 091 408)	(5 873 910)	-	(84 546)	(36 049 864)	-	-
Water	31 408 919	-	-	3 786 005	35 194 924	(13 388 408)	(1 748 897)	-	(1 886 205)	(17 023 510)	-	-
Sewerage	36 020 158	-	-	-	36 020 158	(17 857 321)	(2 651 435)	-	-	(20 508 756)	-	-
Solid Wate Disposal	602 867	-	-	-	602 867	(669)	(149 999)	-	(783)	(151 451)	-	-
	228 989 665	813 650	-	6 376 489	236 179 804	(74 339 970)	(11 817 027)	-	(1 971 534)	(88 128 531)	-	-
Community Assets												
Cemeteries	99 568	-	-	-	99 568	(57 274)	(9 934)	-	-	(67 208)	-	-
Clinics	158 868	-	-	-	158 868	(99 741)	(6 349)	-	-	(106 090)	-	-
Community Centres	731 823	-	-	-	731 823	(331 508)	(29 267)	-	-	(360 775)	-	-
Libraries	549 475	-	-	-	549 475	(242 353)	(21 942)	-	-	(264 295)	-	-
Stadiums	631 353	-	-	-	631 353	(287 249)	(25 255)	-	-	(312 504)	-	-
Sport Facilities	1 011 062	-	-	-	1 011 062	(507 606)	(40 445)	-	-	(548 051)	-	-
Markets	54 622	-	-	-	54 622	(34 956)	(2 185)	-	-	(37 141)	-	-
	3 236 771	-	-	-	3 236 771	(1 560 687)	(135 377)	-	-	(1 696 064)	-	-
Intangible Assets												
Computer Software	924 521	-	-	-	924 521	(546 253)	(103 809)	-	-	(650 062)	-	-
	924 521	-	-	-	924 521	(546 253)	(103 809)	-	-	(650 062)	-	-
Other Assets												
Machinery and Equipment	6 352 112	-	-	-	6 352 112	(4 420 172)	(712 912)	-	(26 454)	(5 159 538)	-	-
Furniture & Office Equipment	5 466 191	21 074	-	-	5 487 265	(4 096 877)	(638 547)	-	(9 524)	(4 744 948)	-	-
Computer Equipment	2 856 138	-	-	-	2 856 138	(2 318 389)	(256 703)	-	-	(2 575 092)	-	-
Transport Assets	9 321 030	-	-	-	9 321 030	(6 479 856)	(1 092 518)	-	(13 160)	(7 585 534)	-	-
	23 995 471	21 074	-	-	24 016 545	(17 315 294)	(2 700 680)	-	(49 138)	(20 065 112)	-	-
Investment Assets												
Undeveloped Land	10 251 162	-	-	-	10 251 162	-	-	-	-	-	-	-
	10 251 162	-	-	-	10 251 162	-	-	-	-	-	-	-
Total	297 773 677	834 724	-	15 322 308	313 930 709	(100 282 194)	(15 603 867)	-	(2 025 052)	(117 911 113)	-	-



**MOOKGOPHONG LOCAL MUNICIPALITY**  
**APPENDIX A**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2011

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R
<b>Land and Buildings</b>												
Developed Land	5 999 409	-	-	-	5 999 409	-	-	-	-	-	-	-
Dwellings	1 583 274	-	-	-	1 583 274	(740 210)	(63 334)	-	-	(803 544)	-	-
Landfill Sites	2 121 000	4 000 000	-	-	6 121 000	(889 451)	(367 990)	-	-	(1 257 441)	-	-
Non Residential Structures	16 672 404	-	-	8 945 819	25 618 223	(3 726 025)	(732 980)	-	-	(4 459 005)	-	-
	<b>26 376 087</b>	<b>4 000 000</b>	<b>-</b>	<b>8 945 819</b>	<b>39 321 906</b>	<b>(5 355 686)</b>	<b>(1 164 304)</b>	<b>-</b>	<b>-</b>	<b>(6 519 990)</b>	<b>-</b>	<b>-</b>
<b>Infrastructure</b>												
Electricity	27 225 725	568 679	-	-	27 794 404	(11 592 637)	(1 409 527)	-	-	(13 002 164)	-	48 647
Roads	132 877 828	236 842	-	2 693 045	135 807 715	(24 223 704)	(5 867 704)	-	-	(30 091 408)	-	-
Water	31 408 919	-	-	2 063 726	33 472 645	(11 639 511)	(1 748 897)	-	-	(13 388 408)	-	-
Sewerage	36 020 158	-	-	-	36 020 158	(15 205 789)	(2 651 532)	-	-	(17 857 321)	-	-
Solid Waste Disposal	602 867	-	-	-	602 867	(446)	(223)	-	-	(669)	-	-
	<b>228 135 497</b>	<b>805 521</b>	<b>-</b>	<b>4 756 771</b>	<b>233 697 789</b>	<b>(62 662 087)</b>	<b>(11 677 883)</b>	<b>-</b>	<b>-</b>	<b>(74 339 970)</b>	<b>-</b>	<b>48 647</b>
<b>Community Assets</b>												
Cemeteries	99 568	-	-	-	99 568	(47 341)	(9 933)	-	-	(57 274)	-	-
Clinics	158 868	-	-	-	158 868	(93 392)	(6 349)	-	-	(99 741)	-	-
Community Centres	731 823	-	-	-	731 823	(302 241)	(29 267)	-	-	(331 508)	-	-
Libraries	549 475	-	-	-	549 475	(220 411)	(21 942)	-	-	(242 353)	-	-
Stadiums	631 353	-	-	-	631 353	(261 994)	(25 255)	-	-	(287 249)	-	-
Sport Facilities	1 011 062	-	-	-	1 011 062	-	(467 161)	(40 445)	-	(507 606)	-	-
Markets	54 622	-	-	-	54 622	(32 771)	(2 185)	-	-	(34 956)	-	-
	<b>3 236 771</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 236 771</b>	<b>(958 150)</b>	<b>(562 092)</b>	<b>(40 445)</b>	<b>-</b>	<b>(1 560 687)</b>	<b>-</b>	<b>-</b>
<b>Intangible Assets</b>												
Computer Software	672 702	251 819	-	-	924 521	(386 711)	(159 542)	-	-	(546 253)	-	-
	<b>672 702</b>	<b>251 819</b>	<b>-</b>	<b>-</b>	<b>924 521</b>	<b>(386 711)</b>	<b>(159 542)</b>	<b>-</b>	<b>-</b>	<b>(546 253)</b>	<b>-</b>	<b>-</b>
<b>Other Assets</b>												
Machinery and Equipment	6 327 173	24 939	-	-	6 352 112	(3 343 380)	(1 076 792)	-	-	(4 420 172)	-	-
Furniture & Office Equipment	5 465 391	800	-	-	5 466 191	(3 026 750)	(1 070 127)	-	-	(4 096 877)	-	-
Computer Equipment	2 780 612	75 526	-	-	2 856 138	(1 868 087)	(450 302)	-	-	(2 318 389)	-	-
Transport Assets	9 211 371	567 554	(457 895)	-	9 321 030	(4 957 010)	(1 930 547)	407 701	-	(6 479 856)	-	-
	<b>23 784 547</b>	<b>668 819</b>	<b>(457 895)</b>	<b>-</b>	<b>23 995 471</b>	<b>(13 195 227)</b>	<b>(4 527 768)</b>	<b>407 701</b>	<b>-</b>	<b>(17 315 294)</b>	<b>-</b>	<b>-</b>
<b>Investment Assets</b>												
Undeveloped Land	10 251 162	-	-	-	10 251 162	-	-	-	-	-	-	-
	<b>10 251 162</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 251 162</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Total	292 456 766	5 726 159	(457 895)	13 702 590	311 427 620	(82 557 861)	(18 091 589)	367 256	-	(100 282 194)	-	48 647
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Carrying Value
R
5 999 409
712 016
4 812 897
20 426 240
31 950 562

13 448 101
100 468 940
18 171 414
15 511 402
451 416
148 051 273

32 360
52 778
371 048
285 180
318 849
463 011
17 481
1 540 707

274 459
274 459

1 192 574
742 317
281 046
1 735 496
3 951 433

10 251 162
10 251 162

196 019 596
-------------





Carrying Value
R
5 999 409
779 730
4 863 559
21 159 218
32 801 916

14 840 887
105 716 307
20 084 237
18 162 837
602 198
159 406 466

42 294
59 127
400 315
307 122
344 104
503 456
19 666
1 676 084

378 268
378 268

1 931 940
1 369 314
537 749
2 841 174
6 680 177

10 251 162
10 251 162

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211 194 073

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**APPENDIX B**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT**  
as at 30 June 2012

	Cost / Revaluation						Accumulated Depreciation & Impairment				Carrying value
	Opening	WIP	Additions	Under	Disposals	Closing	Opening	Additions	Disposals	Closing	
	Balance	Released		Construction		Balance	Balance			Balance	
	R		R	R	R	R	R	R	R	R	R
Executive & Council	34 412 170	-	-	-	-	34 412 170	8 712 906	1 424 052	-	10 136 958	24 275 212
Finance & Admin	5 123 356	-	21 074	-	-	5 144 430	3 912 700	567 153	-	4 479 853	664 577
Planning & Development	27 352 569	-	-	8 945 819	-	36 298 388	9 570 028	1 536 657	-	11 106 685	25 191 703
Community & Social Services	4 673 708	-	-	-	-	4 673 708	2 282 911	304 063	-	2 586 974	2 086 734
Public Safety	1 606 944	-	-	-	-	1 606 944	1 122 806	209 355	-	1 332 161	274 783
Sport & Recreation	4 411 261	-	-	-	-	4 411 261	2 067 426	198 751	-	2 266 177	2 145 084
Road Transport	123 029 825	767 446	46 204	2 590 484	-	126 433 959	26 887 277	5 501 952	-	32 389 229	94 044 730
Water	25 482 150	-	-	3 786 004	-	29 268 154	10 932 402	3 340 120	-	14 272 522	14 995 632
Electricity	29 880 470	-	-	-	-	29 880 470	14 446 152	1 667 611	-	16 113 763	13 766 707
Waste Water Management	41 801 225	-	-	-	-	41 801 225	20 347 565	2 879 206	-	23 226 771	18 574 454
<b>Total</b>	<b>297 773 678</b>	<b>767 446</b>	<b>67 278</b>	<b>15 322 307</b>	<b>-</b>	<b>313 930 709</b>	<b>100 282 173</b>	<b>17 628 920</b>	<b>-</b>	<b>117 911 093</b>	<b>196 019 616</b>

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**APPENDIX C**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 30 June 2012

<b>2011</b>	<b>2011</b>	<b>2011</b>
<b>Actual</b>		<b>Actual</b>
<b>Income</b>	<b>Actual Expenditure</b>	<b>Surplus / (Deficit)</b>
<b>R</b>	<b>R</b>	<b>R</b>
15 393 721	15 152 252	241 469
1 473 471	23 398 370	(21 924 899)
1 199 448	22 069 697	(20 870 249)
1 407 373	1 213 931	193 442
3 997 514	3 231 114	766 400
1 991 569	2 000 265	(8 696)
5 240 821	2 708 479	2 532 342
15 824 465	2 050 934	13 773 531
5 983 707	4 931 531	1 052 176
32 434 042	31 553 270	880 772
3 465 456	3 040 943	424 513
<b>88 411 587</b>	<b>111 350 786</b>	<b>(22 939 199)</b>

Executive & Council  
Finance & Admin  
Planning & Development  
Community & Social Services  
Public Safety  
Sport & Recreation  
Waste Management  
Road Transport  
Water  
Electricity  
Waste Water Management

**Total**

<b>2012</b>	<b>2012</b>
<b>Actual</b>	
<b>Income</b>	<b>Actual Expenditure</b>
<b>R</b>	<b>R</b>
41 086	14 482 795
18 336 827	24 043 197
26 833 721	1 964 530
135 470	1 858 899
3 712 757	3 955 892
95	1 878 462
3 110 825	4 671 155
40 954	11 691 550
4 801 729	6 250 238
30 578 026	36 507 525
3 453 048	5 811 203
<b>91 044 538</b>	<b>113 115 446</b>

2012
Actual
Surplus / (Deficit)
R
(14 441 709)
(5 706 370)
24 869 191
(1 723 429)
(243 135)
(1 878 367)
(1 560 330)
(11 650 596)
(1 448 509)
(5 929 499)
(2 358 155)
<b>(22 070 908)</b>

**MOOKGOPHONG LOCAL MUNICIPALITY**  
**APPENDIX D**  
**STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION**  
as at 30 June 2012

673 584

Description	Original Budget	Budget Adjustments (i.t.o. s28 & s31 Of The MFMA)	Virement (i.t.o. Council approved by- law)	Final Budget	Actual Performance	Unauthorised Expenditure	Variance	Actual Performance As % Of Final Budget	Actual Performance As % Of Original Budget
	1	2	3	4	5	6	7	8	9
	R	R	R	R	R	R	R	R	R
<b>Financial Performance</b>									
Property Rates	14 139 542	-	-	14 139 542	14 659 675	-	520 133	104%	104%
Service Charges	53 143 500	-	-	53 143 500	41 922 666	-	(11 220 834)	79%	79%
Rental of Facilities	118 500	(20 000)	-	98 500	58 673	-	(39 827)	60%	50%
Investment Revenue	540 000	(240 000)	-	300 000	250 757	-	(49 243)	84%	46%
Interest Earned on Outstanding Receivables	1 500 000	-	-	1 500 000	2 148 561	-	648 561	143%	143%
Fines, Licences and Permits	180 500	-	-	180 500	90 995	-	(89 505)	50%	50%
Agency Services	3 170 269	-	-	3 170 269	3 526 542	-	356 273	111%	111%
Transfers Recognised - Operational	25 598 800	(60 000)	-	25 538 800	24 786 335	-	(752 465)	97%	97%
Other Own Revenue	422 300	(272 000)	-	150 300	378 612	-	228 312	252%	90%
Gain on the disposal of an asset	-	-	-	-	-	-	-	0%	0%
<b>Total Revenue (Excluding Capital Transfers &amp; Contributions)</b>	<b>98 813 411</b>	<b>(592 000)</b>	<b>-</b>	<b>98 221 411</b>	<b>87 822 816</b>	<b>-</b>	<b>(10 398 595)</b>	<b>89%</b>	<b>89%</b>
Employee Costs	34 759 457	2 909 875	-	37 669 332	37 450 094	-	(219 238)	99%	108%
Remuneration Of Councillors	3 380 094	(1 014 002)	-	2 366 092	2 478 789	-	112 697	105%	73%
Debt Impairment	500 000	722 975	-	1 222 975	1 222 975	-	-	0%	0%
Depreciation & Asset Impairment	4 675 000	13 634 523	-	18 309 523	17 628 937	-	(680 586)	96%	377%
Finance Cost	-	-	-	-	351 346	-	351 346	0%	0%
Bulk Purchases	29 230 290	-	-	29 230 290	28 556 706	-	(673 584)	98%	98%
Other Materials	8 760 600	(4 204 000)	-	4 556 600	3 758 401	-	(798 199)	82%	43%
Contracted Services	5 148 200	(23 873)	-	5 124 327	4 830 774	-	(293 553)	94%	94%
Other Expenditures	12 359 770	2 276 555	-	14 636 325	16 837 442	-	2 201 117	115%	136%
<b>Total Expenditure</b>	<b>98 813 411</b>	<b>14 302 053</b>	<b>-</b>	<b>113 115 464</b>	<b>113 115 464</b>	<b>-</b>	<b>-</b>	<b>100%</b>	<b>114%</b>
<b>Surplus/(Deficit)</b>	<b>-</b>	<b>(14 894 053)</b>	<b>-</b>	<b>(14 894 053)</b>	<b>(25 292 648)</b>	<b>-</b>	<b>(10 398 595)</b>	<b>-0</b>	<b>-0</b>
Transfers Recognised - Capital	13 859 000	9 000 000	-	22 859 000	3 221 722	-	(19 637 278)	14%	23%
Contributions Recognised - Capital & Contributed Assets	-	-	-	-	-	-	-	0%	0%
<b>Surplus/(Deficit) After Capital Transfers &amp; Contributions</b>	<b>13 859 000</b>	<b>(5 894 053)</b>	<b>-</b>	<b>7 964 947</b>	<b>(22 070 926)</b>	<b>-</b>	<b>(30 035 873)</b>	<b>-277%</b>	<b>-159%</b>
Share Of Surplus/(Deficit) Of Associate	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) For The Year</b>	<b>13 859 000</b>	<b>(5 894 053)</b>	<b>-</b>	<b>7 964 947</b>	<b>(22 070 926)</b>	<b>-</b>	<b>(30 035 873)</b>	<b>-277%</b>	<b>-159%</b>
<b>Capital Expenditure &amp; Funds Sources</b>									
<b>Capital Expenditure</b>									
Transfers Recognised - Capital	13 859 000	9 000 000	-	22 859 000	3 221 722	-	(19 637 278)	14%	23%
Public Contributions & Donations	-	-	-	-	-	-	-	0%	0%
Borrowing	-	-	-	-	-	-	-	0%	0%
Internally Generated Funds	-	-	-	-	-	-	-	0%	0%
<b>Total Sources Of Capital Funds</b>	<b>13 859 000</b>	<b>9 000 000</b>	<b>-</b>	<b>22 859 000</b>	<b>3 221 722</b>	<b>-</b>	<b>(19 637 278)</b>	<b>14%</b>	<b>23%</b>